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WORLD MARKETS FOR

U.S. DRY BEANS 1/

The world market for beans is estimated at about 110 million bags annually. The biggest producers and consumers are Brazil, the United States and Mexico. Together these three produce two-thirds of the world's bean crop.

More than 90 percent of the world's beans are used in the countries where they are grown and the balance moves into international trade. In 1959, approximately 8.5 million bags or 8 percent of the world production so moved. The United States exported 4.5 million bags that year or 53 percent of the world's total export. This included 25 percent of our pea beans, 23 percent of our pintos, 30 percent of our Great Northers, 22 percent of the Red Kidneys and 60 percent of our Small Reds.

History of the Bean Trade

In the 1920's, the United States was the world's largest importer. In several years of that decade we imported upwards of a million bags, principally from Japan. In 1928 we imported more than 2 million bags.

By the 1930's our trade had reversed and we were a net exporter of about 100,000 bags annually. In the 1940's, our exports jumped 17-fold to an average of 1.7 million bags, but much of this was government relief in war torn areas. In the 1950's exports climbed to an average of 2.6 million bags and an alltime record in the calendar year 1959 of 4.5 million bags. This was nearly all commercial export.

1/ Summary of remarks by Orval E. Goodsell, Marketing Specialist, Foreign Agricultural Service, U.S. Department of Agriculture, Washington, D. C. delivered to the 4th Annual Bean Research Conference in Saginaw, Michigan.

Significantly, the United States has gained nearly all this large volume in the most recent 5 to 13 years. For example, U.S. exports to Cuba jumped 500 percent, from a normal of 100,000 bags to 500,000 in one year — 1947. In the 12 years since 1947, this trade has doubled again to near 1 million bags annually. Venezuela jumped 600 percent in 1950 from 6,000 bags normal to 34,000 and it has doubled that higher level in the 9 years since. Only 8 years ago -- 1952, Mexico jumped from a normal of 3,000-4,000 bags annually to 1.2 million bags; stayed at that level 2 years, dropped back to 250,000 average and has run near a million bags in some recent years. The United Kingdom, only 4 years ago -- 1946, shifted into high gear on a seemingly permanent basis and has taken a million bags in some recent years.

Having turned from importer to the world's largest exporter and attained most of this volume in only 13 years, what of the future, particularly 1961? Following are facts that bear on this prospect.

1961 Prospects

Major reduction occurred in the 1960 output of beans in Yugoslavia, Japan and Mexico. Of these three, only Mexico is an important trader with the U S. and therefore will affect U.S. 1961 exports directly. Reductions in Yugoslavia and Japan will affect U.S. 1961 exports indirectly.

In Yugoslavia, the 1960 harvest reportedly is down 1.5 million bags or 30 percent below last year. Yugoslavia has no dollars and is able to control its economy enough to prevent U.S. beans from coming in.

Usually reliable sources say that the Balkans; Rumania, Hungary and Bulgaria probably will export in 1961 about 300,000 bags of beans, as they did in 1959. This would be only one-third the quantity sent to Western Europe in either 1957 or 1958. Thus Western Europe probably will take a larger proportion of her total 1961 imports from the United States. If Yugoslavia who had a short 1960 crop should absorb any appreciable part of the 300,000 bag exportable supply in the Balkans, then Western Europe probably would look to the United States for even a larger proportion of its 1961 need.

The 1960 production in Japan was 12 percent below 1959. Notwithstanding this drop the Japanese Government plans to export 650,000 bags of beans this year. To replace these, however, and to maintain normal pulse consumption in 1961, Japan expects to import more than 2 million bags of beans, peas and other kinds of pulses. Japan can substitute one pulse for another relatively easily because most pulses used are processed (ground up) beyond recognition. It is normal in Japan to export expensive beans and import much larger quantities of lower-priced beans and other pulses.

Japan has taken an increasing amount of U.S. beans in recent years (64,000 bags in the first 9 months of 1960 and some of these were relatively high-priced, according to reported export values). Included in the 1960 exports were 33,000 bags valued by the U.S. exporter at 6.50 per cwt. U.S. port and 4,000 bags valued at 8.50 per cwt. U.S. port.

Normally, Japan gets half its imports from Communist China and half from Burma. The Chinese supplies, however, were cut off in August 1959, and as of the latest report the embargo still stands. If the embargo is maintained, Japan will look elsewhere for up to 1 million bags of beans and other kinds of pulses. Japanese officials have mentioned Africa and the United States as possible sources.

The Mexican 1960 harvest now underway is down .5 million bags from last year because of lack of rain this summer. This decline plus rapidly rising consumption in Mexico, has caused a 73-percent rise in prices since last January. Bayo Gordo beans which were selling at 5.50 per cwt. wholesale in Mexico City in January, rose to 9.50 in October. Mexico will need sizable imports in 1961, but it has been suggested that restrictive import policies and higher prices may keep 1961 imports somewhat below normal consumption needs.

Chilean bean acreage for harvest in early 1961 is down 14,000 acres or 6 percent from 1960. Acreage in Arroz beans, however, is expected to be up one-third. This may not mean a third more Arroz to export after May 1961, because lower overall bean production in Chile could force the use of more Arroz for the domestic market. This has happened in past years.

Long-term prospects

U.S. exports may be influenced greatly in the long run by the research program considered at the 4th Annual Bean Conference. If the program develops a precooked or otherwise processed bean that consumers find convenient to prepare, the market might expand both at home and abroad. Convenience foods are rapidly becoming more popular in some of our best bean markets, mainly Western Europe. For example, consumption of canned beans has tripled in Britain in less than 10 years. Use of canned soup has jumped in Europe from $40 million worth to $85 million in 5 years, and dehydrated soup from zero to $5 million in 5 years. New canning factories are springing up all over Europe, especially in the industrially advanced countries.

Supermarkets, also, are increasing in numbers. These require prepackaging; and packagers, like the canners, are promoting brand names. For that purpose, the demand for large quantities of specific classes of good-quality products will increase. No country in the world is equipped as is the United States to produce large quantities of top-quality beans of specific classes. That fact already has done much to make the United States the world's leading exporter.

Only one country in the world produces more beans than the United States and that is Brazil, which is barely self-sufficient in beans. The only other large producer, Mexico, is a large net importer. After Mexico come Yugoslavia, Italy, and probably Rumania. At latest reports, each of these countries produce less than 4 million bags of many classes of beans. Thus, the United States produces more pea beans alone, equally as many pintos alone, and nearly as many Northerns alone as any other country's total production, with the exception of Brazil and Mexico.

If the trend toward quantity buying of uniform products continues, and if U.S. research should develop some other convenience food calling for large quantities of specific classes of beans, the United States is in the best position of any country to meet such a demand.